

COMMISSIONERS APPROVAL

CHILCOTT 

LUND

THOMPSON 

TAYLOR (Clerk & Recorder)

Date.....December 21, 2005

Members Present.....Commissioner Greg Chilcott,  
Commissioner Betty Lund and Commissioner Alan Thompson

Minutes: Glenda Wiles

The Board met with Paul Tischler of TishVICE Company during the morning hours in regard to the impact fee analysis. Various Department Heads also met with Paul Tischler for various questions and information that he needs for his study. The Board also held a working lunch with Paul during the lunch hour.

The Board met with Airport Manager Red Caldwell in regard to the hangar lease fees that are comparison figures to the Ravalli County Airport. Present at this meeting was Internal Auditor Klarryse Murphy and Civil Counsel James McCubbin. Airport Board Members Dave Hedditch, Carl Fox and Jim Trowbridge. Numerous citizens were in the audience. Red stated he visited with Montana Aeronautics Employee Joelle Briggs and John Styba of the F.A.A., in regard to the leasing rates.

Red stated the FAA Policy and Procedures concerning the use of airport revenue, February 16, 1999; Section VI.A.8 contains the guidelines for lease amounts. He will receive a copy of this policy. Red presented a print out of various airport lease amounts around the western region. Those fees range from \$.02 per square foot to \$.16 per square foot. Kalispell charges \$.16, but they do not receive any federal dollars. Ravalli County's hangar lease amount at \$.07 a square foot is in the 'middle' of the other fees. He stated in a telephone conversation with Mrs. Briggs on December 13, 2005, she affirmed that the fair market value for aviation-associated real estate is calculated by comparison with other aviation-associated real estate. She stated the important part to this is that these lease fees be aviation-associated.

James stated both he and George Corn were not advised of this meeting and George had a doctor's appointment, which could not be cancelled, due to his broken leg. He stated George would like to be a part of the discussion of the lease amounts. Fair market value is important and \$.07 per square foot since 1993 does not follow the growth or market values in our area. He stated the Commissioners are on dangerous ground not to utilize fair market values.

Klarryse stated the comparison of storage rates is important. Red stated the important issue is the lease space that is aviation-associated.

James asked Red if the FAA restricts the lease amounts for the airport. Red stated they do not.

Dave stated George said the airport is losing money. However, there are personal property tax and airport registrations that go into the general fund. Klarryse stated what George is referring to is \$33,000.00 from the County's soft money in order to fund the airport. Red stated this year it is only \$27,000.00 that is being put into the airport budget. Klarryse stated the aircraft registration has always been split in order to fund other County operations.

Commissioner Chilcott stated other functions, such as Sheriff Services, occur at the airport. Those aircraft registration monies also support those related services at the airport.

Commissioner Thompson stated the property tax and airport registration goes into the general fund. The Treasurer remits these monies to the State and the State then gives the County their entitlement share (using the base share of 2000, with an inflationary rate increase each year).

Commissioner Thompson addressed the lease fees and development fees. He stated it is important to compare apples to apples when it comes to building a building and simply leasing the ground for aviation purposes. He stated it is important to look at secondary monies, such as the medical, business and forest fire service. He stated the rate needs to be somewhere between 2 -16, and maybe \$.07 is not enough. So we changed the lease on the CPI on a yearly basis. The FAA purchases the land, builds the runways, and does maintenance to insure aviation. Those monies come directly from the airport use in the County.

James stated that is why a qualified appraiser is needed to look at those numbers. In terms of if there is a financial impact, there is no legal justification to loose money. If you want to subsidize, then let's look at doing that, but call it what it is. Red stated they should compare aviation space with aviation space. James stated he does not disagree that other airports need to be reviewed, but it is important not to ignore the fair market value.

There was some discussion of the agricultural land and lease amounts. Commissioner Chilcott stated the land is improved and it has amenities; therefore it adds value. He stated he would like to identify the use and costs associated with the service. Come as close as they can to minimize the County subsidy he would feel better. If \$27,000.00 goes into the airport, how much of a bump would it take to not use any soft money? Tex Irwin of West Fork Lodge stated most airports would stand alone if allowed to do so. He asked about the non-aviation users at the airport and questioned if the gun club pays a fair rate. He stated the county should not compare storage space downtown with storage

for a plane. Tex further stated that they pay property taxes that do not even come close to the services used. He stated there are areas that can be developed for non-aviation uses, which will hold down the costs for the aviation users. There is not fire or security, and the airport is not gated. Commissioner Chilcott asked if he was suggesting they open up areas for commercial businesses. Tex stated yes, for those areas that allow commercial businesses to open. Bill Stewart stated the 48-cent development fees generated over \$20,000.00 this past year and the FBO's do not get anything for those fees.

Jack Vallance stated the lease agreement allows an increase on a yearly basis, although it has not been done. Everyone expects an increase. He asked why they were all of the sudden making an issue of it? He stated they should have some economic viability, such as haying instead of mowing. There is \$4,000 worth of hay there, instead of spending \$4,000 worth of mowing. There are a lot of volunteers who mow, work on the tractor, etc. In regard to the gun club, he asked why he should pay a certain amount for his hangar when they pay nothing per year for good agricultural or industrial land. He stated these other areas should be explored and the Commissioners need to be sensible when they increase the lease amounts.

Paul O'Bagy stated \$.07 might have been too high in 1993, and asked if they haven't been grossly overcharged for a period of the last thirteen years. Paul asked James if this should be a user pay. James stated the person who uses this should pay a fair market value. Paul stated he should do a class action lawsuit for all portions of government. Since he does not have children, and has never called the fire department, he would like to be pulled off the tax rolls. James stated everyone receives values for those services even if they do not directly utilize them. Paul stated, that is correct, people receive values and benefits from the airport.

James stated he is referring to assets leased by the County. The County Commissioners have a charge to maximize their values. James stated it is important to look at the land and other airports, but to have a qualified person review the market value.

Wendy Beye stated the \$.07 is for the ground where the hangars are built. The County only owns the ground. The users pay for the buildings, ramp space, paving etc. She stated the FAA raised this issue this during their audit. She also noted the County has their gravel and old paving equipment located at the airport and the County is subsidizing the Road Department under airport property.

Bill stated he has been there since 1959 and he never sees road equipment there.

Dave asked how the attorney can say the airport is losing \$27,000.00. Commissioner Chilcott stated they need to review that amount. Dave asked if the rates are raised and the county later finds out the rates were too high, would they get their money back? Commissioner Chilcott stated the County is not in business to make money, rather they provide services and in order to be responsible, the county needs to keep their loss at a minimum.

James said \$20,000.00 is not much money for the County to subsidize. He also noted what County agency is self-supporting? An example of that is the County Attorney's Office which is not self-supporting. In respect to comparing apples to oranges, any time you do a market analysis it depends on comparables. You can compare the use for profit centers such as a lease. Therefore the comparables need to be from airport to airport.

Theresa Ekberg asked if the County owns other land that brings in PILT money or registration money. The Commissioners answered no. Theresa stated 'then we are dealing with something unique and it should affect the rental value'.

Commissioner Thompson stated they should find out what monies are used to supplement the airport. Commissioner Thompson did a quick calculations and it appears Red is short \$53.00. Due to time constraints, it was agreed to discuss this issue further at a later time.

In other business, Commissioner Chilcott spoke at the Bitterroot Leadership Forum.